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TO RUEHC/SECSTATE WASHDC PRIORITY 8690
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 1315
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RUEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC
RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUEHDE/AMCONSUL DUBAI 1613

UNCLAS SECTION 01 OF 02 DUBAI 001070

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STATE FOR NEA/ARPI, EB/IFD/OIA, EB/TPP/BTA
STATE PASS USTR FOR DOUG BELL
COMMERCE FOR BIS MARY O'BRIEN

E.O. 12958: N/A

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SUBJECT: DPW REQUESTS FULL 45-DAY CFIUS REVIEW; ANNOUNCES DELAY IN
TAKEOVER OF P&O MANAGEMENT FOR UP TO TWO MONTHS OR MORE

REF: A) DUBAI 1010; B) DUBAI 1067

¶1. (U) In a statement (text at para 3) issued February 26, Dubai Ports World (DPW) formally requested that CFIUS initiate "the full 45-day investigation authorized under U.S. law" of the acquisition of P&O Ports North America (POPNA) by DPW. In the statement, DPW announced that it would "voluntarily separate out the U.S. assets that would otherwise be part of the deal" in order to "permit the Bush Administration, Congressional leadership and relevant port authorities to see additional information regarding the acquisition." The statement outlines the steps DPW will take to guarantee the independence of all POPNA terminal operations from DPW control; the separation arrangement will "remain in place until the earlier of May 1, 2006, or the completion of the additional CFIUS review" requested by DPW.

¶2. (SBU) In the western media, the statement was attributed to DPW's Amcit COO Edward Bilkey in Washington. Locally, however, the statement is attributed to DPW's UAE national CEO, Mohammed Sharaf. DPW Executive Chairman Sultan bin Sulayim has been noticeably quiet on the matter, clearly choosing to defer to his Washington-based team of executives, lawyers and lobbyists. (Over the weekend bin Sulayim's office canceled a previously-arranged interview and port tour with a Washington Times reporter, on the grounds that the Washington team had determined that the interview did not fit into its carefully planned media strategy.)

¶3. (U) Following is the text of DPW's February 26 statement:

Begin Quote:

DP World has today given a voluntary, formal commitment to separate P&O's U.S. operations held through P&O's wholly owned U.S. subsidiary P&O Ports North America, Inc. (POPNA).

In addition, with a view to addressing concerns regarding the original review by the committee on Foreign Investment in the United States (CFIUS), DP World has today formally requested to be subject to a further CFIUS review.

Terms of the Hold Separate Commitment

As announced last Thursday, DP World intends to complete the

\$6.85 billion global transaction as scheduled, but will voluntarily separate out the U.S. assets that would otherwise be part of the deal to permit the Bush Administration, Congressional leadership and relevant port authorities to seek additional information regarding the acquisition.

The formal commitment, which is in addition to commitments made by DP World to CFIUS last month, states that:

-- DP World will guarantee the independence of all terminal operations managed by POPNA by establishing the operations as a completely separate business unit.

-- DP World will not exercise control over or influence the management of the U.S. operations -- either directly or via P&O headquarters in London.

-- Final authority over the management and operations of the U.S. terminals rests exclusively with the Chief Executive Officer of P&O in London who is a British citizen.

-- The Chief Security Officer for POPNA will remain a U.S. citizen, unless the U.S. Coast Guard agrees otherwise.

-- The current management of POPNA will be retained and DP World will not in any way influence or attempt to influence any operations, policies, procedures, or security in place in the U.S. operations.

The above arrangement will remain in place until the earlier of May 1, 2006 or the completion of the additional CFIUS review which DP World and POPNA have requested.

Request for CFIUS Review

DUBAI 00001070 002 OF 002

DP World and POPNA today issued a formal request to CFIUS that the committee initiate an immediate further review, including the full 45-day investigation authorized under U.S. law, of the acquisition of POPNA by DP World.

Ted Bilkey, Chief Operating Officer, DP World, said:

"We recognize that there are concerns regarding DP World's acquisition of P&O's U.S. terminal operations. Despite having already obtained approval by the federal government, we continue to take voluntary steps to assure people that the security of the U.S. will not be harmed as a result of this acquisition."

"We are confident the further review by CFIUS will confirm that DP World's acquisition of P&O's U.S. operations does not pose any threat to America's safety and security. We hope that voluntarily agreeing to further scrutiny demonstrates our commitment to our long-standing relationship with the United States."

End Quote
DAVIS